
By: **Delegates Vaughn, C. Davis, Fulton, Goodwin, Kelley, Love, Moe, Oaks, Ramirez, and Taylor**

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Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

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CHAPTER _____

1 AN ACT concerning

2 **State Treasurer – Selection of Financial Institutions**
3 **Task Force on Lending Equity within Financial Institutions Providing State**
4 **Depository Services**

5 FOR the purpose of ~~requiring certain financial institutions to submit a certain report~~
6 ~~to the Commissioner of Financial Regulation and the State Treasurer; specifying~~
7 ~~the contents of the report; altering the criteria the State Treasurer must~~
8 ~~consider prior to selecting a financial institution as a depository to include the~~
9 ~~extent of commercial loans made to certain minority business enterprises;~~
10 ~~prohibiting the State Treasurer from selecting certain financial institutions as~~
11 ~~depositories; and generally relating to the selection of a financial institution as~~
12 ~~a depository by the State Treasurer~~ establishing a Task Force on Lending
13 Equity within Financial Institutions Providing State Depository Services;
14 providing for the purpose of the Task Force; providing for the composition,
15 co-chairmen, and staff of the Task Force; providing that the members of the
16 Task Force may not receive compensation, but may be reimbursed for certain
17 expenses; providing for the duties of the Task Force; requiring the Task Force to
18 submit certain reports to the Governor and to the General Assembly on or before
19 certain dates; providing for the termination of this Act; and generally relating to
20 the Task Force on Lending Equity within Financial Institutions Providing State
21 Depository Services.

22 ~~BY adding to~~
23 ~~Article – Financial Institutions~~
24 ~~Section 1-207~~
25 ~~Annotated Code of Maryland~~

1 (~~2003 Replacement Volume~~)

2 ~~BY repealing and reenacting, with amendments,~~

3 ~~Article—State Finance and Procurement~~

4 ~~Section 6-207~~

5 ~~Annotated Code of Maryland~~

6 (~~2001 Replacement Volume and 2003 Supplement~~)

7 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

8 MARYLAND, That ~~the Laws of Maryland read as follows:~~

9 (a) (1) In this Act, "minority business enterprise" means any legal entity,
10 except a joint venture, that is:

11 (i) organized to engage in commercial transactions;

12 (ii) at least 51% owned and controlled by one or more individuals
13 who are socially and economically disadvantaged; and

14 (iii) managed by, and the daily business operations of which are
15 controlled by, one or more of the socially and economically disadvantaged individuals
16 who own it.

17 (2) "Minority business enterprise" includes a not for profit entity
18 organized to promote the interests of physically or mentally disabled individuals.

19 (b) There is a Task Force on Lending Equity within Financial Institutions
20 Providing State Depository Services.

21 (c) The purpose of the Task Force is to:

22 (1) develop meaningful criteria for evaluating minority business
23 enterprises' access to credit and capital from financial institutions providing or
24 desiring to provide depository services to the State; and

25 (2) advise the State Treasurer on developing criteria to guide the
26 selection of a financial institution as a depository.

27 (d) The Task Force consists of the following members:

28 (1) two members of the Senate of Maryland, appointed by the President
29 of the Senate;

30 (2) two members of the House of Delegates, appointed by the Speaker of
31 the House;

32 (3) the State Treasurer or the Treasurer's designee;

33 (4) the Commissioner of Financial Regulation or the Commissioner's
34 designee;

1 (5) one representative of the Governor's Office of Minority Affairs,
2 appointed by the Governor;

3 (6) one representative of the Governor's Council for Historically
4 Underutilized Businesses, appointed by the Governor;

5 (7) one representative of the Governor's Task Force on Centralized
6 Bidder Registration for Minority Business Procurement, appointed by the Governor;

7 (8) two representatives of the banking industry, appointed by the
8 Maryland Bankers Association;

9 (9) two owners of a minority business enterprise, appointed by the
10 Governor;

11 (10) one representative of the commercial insurance bonding industry,
12 appointed by the Governor; and

13 (11) one member of the public with State and national experience in
14 financial regulation and fair lending practices, appointed by the Governor.

15 (e) The President of the Senate and the Speaker of the House shall jointly
16 appoint co-chairmen from among the Senate and House members appointed to the
17 Task Force.

18 (f) The Treasurer's Office and the Department of Legislative Services shall
19 jointly provide staff for the Task Force.

20 (g) A member of the Task Force may not receive compensation for serving on
21 the Task Force, but is entitled to reimbursement for expenses under the Standard
22 State Travel Regulations, as provided in the State budget.

23 (h) The Task Force shall:

24 (1) identify appropriate data, such as a State Centralized Bidder
25 Registration Number, that would demonstrate whether financial institutions are
26 providing adequate access to credit and capital for minority business enterprises;

27 (2) advise the State Treasurer in developing criteria for the selection of a
28 financial institution as a depository that ensures that such institutions provide
29 adequate opportunities for access to credit and capital for minority business
30 enterprises; and

31 (3) develop a strategy to implement a linked deposit program, which may
32 incorporate the findings of the Governor's Task Force on Centralized Bidder
33 Registration for Minority Business Procurement.

34 (i) (1) The Task Force shall submit reports, in accordance with paragraph
35 (2) of this subsection, on its findings and recommendations to the Governor, and, in
36 accordance with § 2-1246 of the State Government Article, to the General Assembly.

1 (1) ~~higher education loans under Title 18, Subtitle 10 of the Education~~
2 ~~Article; AND~~

3 (2) ~~COMMERCIAL LOANS TO MINORITY BUSINESS ENTERPRISES IN~~
4 ~~EACH OF THE GROUPS DESCRIBED UNDER § 14-301(F) OF THIS ARTICLE.~~

5 (B) ~~THE TREASURER MAY NOT DESIGNATE A FINANCIAL INSTITUTION AS A~~
6 ~~DEPOSITARY IF:~~

7 (1) ~~THE FINANCIAL INSTITUTION FAILS TO TRUTHFULLY AND~~
8 ~~ACCURATELY COMPLY WITH THE ANNUAL REPORTING REQUIREMENTS DESCRIBED~~
9 ~~UNDER § 1-207 OF THE FINANCIAL INSTITUTIONS ARTICLE; OR~~

10 (2) ~~THE FINANCIAL INSTITUTION HAS BEEN FOUND, THROUGH AN~~
11 ~~ADMINISTRATIVE OR JUDICIAL PROCESS, TO HAVE DISCRIMINATED IN ITS LENDING~~
12 ~~PRACTICES ON THE BASIS OF RACE, GENDER, OR NATIONAL ORIGIN.~~

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
14 effect July 1, 2004. It shall remain effective for a period of 1 year and 3 months and,
15 at the end of September 30, 2005, with no further action required by the General
16 Assembly, this Act shall be abrogated and of no further force and effect.